

CA28N - Ontario - Hydro - Electric Inquiry  
Z1 " Commission, 1922-1924  
-224027  
#37

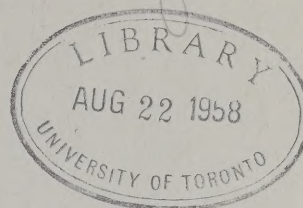
J. ALLAN ROSS  
Commissioner  
FINANCIAL

HYDRO-ELECTRIC INQUIRY COMMISSION

37

( HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO )

*Reports on investigation of accounts*



REPORT ON INVESTIGATION OF ACCOUNTS  
OF  
GUELPH RADIAL RAILWAY  
DATED NOVEMBER 23, 1922

*Price, Waterhouse & Co.*  
ROYAL BANK BUILDING  
TORONTO, ONT., CANADA





# PRICE, WATERHOUSE & Co.

CANADA, UNITED STATES, MEXICO,  
GREAT BRITAIN.

CONTINENTAL EUROPE, ETC.  
PRICE, WATERHOUSE, PEAT & CO.  
SOUTH AMERICA  
PRICE, WATERHOUSE, FALLER & CO.  
ALSO, GREAT BRITAIN  
W. B. PEAT & CO.

ROYAL BANK BUILDING

TORONTO

November 23, 1922.

W. D. Gregory, Esq., Chairman,  
Hydro-Electric Inquiry Commission,  
Toronto, Ontario.

Dear Sir:

## GUELPH RADIAL RAILWAY

In accordance with your instructions we have made a general investigation of the accounts and records of the Guelph Radial Railway, and now beg to submit our report thereon.

## SCOPE OF INVESTIGATION

The accounts have been audited by Mr. G. T. Clarkson of Messrs. Clarkson, Gordon & Dilworth from May 1, 1921, the date on which the Commission acquired the Railway, to October 31, 1921, so it was considered that our investigation should be limited to a general review of the accounts and to an inquiry into any important questions of principle which might be involved therein. The Exhibits submitted herewith have been prepared from the books and records kept in respect of the assets and liabilities and operations of the Railway, viz.-

- Exhibit I Balance Sheets as of May 1, 1921, and as of October 31, 1921
- " II Operating Account from May 1, 1921 to October 31, 1921
- " III Operating Account by months for the period of eleven months ending September 30, 1922

References are made in this report to The Guelph Railway Act, 1921 and the Agreement of December 8, 1920 confirmed thereby, but in

Dear Sirs:  
We have the honor to acknowledge the receipt of your letter of the 14th inst. in relation to the above mentioned matter.

W. H. Murphy, Esq., Chairman,  
Investigative Committee,  
Toronto, Ontario.

Dear Sirs:

REURTEL RAILWAY

In accordance with your instructions we have made a general investigation of the accounts and records of the Reurtel Railway, and now beg to submit our report thereon.

SCOPE OF INVESTIGATION

The accounts have been audited by Mr. A. E. Mackenzie of Messrs. Ogilvie & Gordon a Chartered Accountants, the date of which the investigation comprises the Railway, is October 31, 1932, and it was considered that our investigation should be limited to a general review of the accounts and to ascertaining any important questions of principle which might be involved therein. The exhibits submitted herewith have been prepared from the books and records kept in respect of the assets and liabilities and operations of the Railway, viz:-

Exhibit I Balance Sheet as at May 1, 1931, and as at October 31, 1932

Exhibit II Operating account from May 1, 1931 to October 31, 1932

Exhibit III Operating account by month for the period of eleven months ending September 30, 1932

References are made in this report to the Reurtel Railway and 1932 and the statement of December 31, 1932 and the report, and in



view of the fact that these documents are now in the hands of your Commission, in printed form, we are not submitting copies thereof nor excerpts therefrom.

### HISTORY AND ORGANIZATION

At the request of the City of Guelph and in accordance with Section 3 of the Hydro-Electric Railway Act of 1914, the Commission made an investigation of the Guelph Radial Railway and submitted a report thereon to the City of Guelph under date of November 1, 1919, which may be briefly summarized as follows:

1. No changes in the layout of the various routes can be recommended.
2. Future operations, if one man safety cars were installed, increased service given and both depreciation and sinking funds provided for, would probably show a net loss of \$17,000 annually.
3. Future operations under the same arrangements as above with service eliminated from the outer ends of some of the routes would probably show a net annual loss of \$6,000.00.
4. Future service as above but operated as a part of the Hydro-Electric Railway connecting with Hamilton, Galt and Kitchener would probably show sufficient receipts to cover all expenses and fixed charges. Under this plan expenses should be reduced and receipts should be increased due to the interurban freight and passenger traffic that would be routed over the street railway's property.

On receipt of the report above referred to, the City Council of the Corporation of the City of Guelph decided to prepare an agreement transferring the management of the Railway to the Hydro-Electric Power Commission. The agreement was duly prepared and By-laws submitted to the electors in January 1920 together with a standard Hydro agreement providing for the construction of a line to Galt, Kitchener and Hamilton. These By-laws ratifying the agreements were passed by the qualified electors of the City of Guelph. However, certain of the Municipalities on the proposed Hamilton line did not

view of the fact that these documents are not in the hands of your  
Commission, as pointed out, we are not submitting copies thereof nor  
excepting them.

REPORT AND RECOMMENDATION

In the report of the City of Seattle and its successors with  
Section 1 of the Hydro-Electric Railway Act of 1914, the Commission  
made an investigation of the Seattle Electric Railway and submitted a  
report thereon to the City of Seattle under date of December 1, 1915,  
which may be briefly summarized as follows:

1. The changes in the layout of the various routes were  
recommended.
2. Future operations, if any and safety, were  
considered, including service lines and high voltage  
lines and electric lines provided for, and  
probably about a cost of \$12,000 annually.
3. Future operations under the same arrangements as  
above with service eliminated from the other side  
of some of the routes would probably show a net  
annual loss of \$20,000.00.
4. Future service as above but operated as a part of  
the Hydro-Electric Railway system with Seattle  
and Tacoma would probably show sufficient  
income to cover all expenses and fixed charges.  
Under this plan expenses should be reduced and  
profits should be increased due to the increased  
freight and passenger traffic that would be routed  
over the Seattle-Tacoma line.

In receipt of the report above referred to, the City Council  
of the Corporation of the City of Seattle decided to submit an answer  
and transmitting the management of the Railway to the Hydro-Electric  
Power Commission. The agreement was duly prepared and signed  
submitted to the election in January 1920 together with a statement  
Hydro agreement providing for the construction of a line to Seattle.  
Seattle and Tacoma. These two lines including the agreements were  
passed by the qualified electors of the City of Seattle, however,  
certain of the municipalities on the proposed Seattle-Tacoma line did not



pass the necessary By-laws and it was therefore not possible to proceed with operation of the Guelph Street Railway with the idea that it would become a part of the Hydro line as originally intended.

The Provincial Legislature was thereupon requested to permit the Hydro-Electric Power Commission to take over the Street Railway in the City of Guelph and operate it as a separate unit under the By-law already passed, but the Legislature decided against this procedure and it was therefore necessary to submit another By-law to the electors before the transfer could be made. An agreement was finally drafted in the Fall of 1920 and was ratified by the electors at the annual election in January 1921. One clause of this agreement required that it be ratified by a Special Act of the Legislature of the Province of Ontario and accordingly the Legislature passed the Guelph Railway Act of 1921 assented to by the Lieutenant-Governor on April 27, 1921, providing for the transfer of the Railway to the Commission, as of May 1, 1921.

The Guelph Railway formerly owned and operated by the City of Guelph comprises an electrical street railway within the City of Guelph, together with short lines extending to the Experimental Farm and to one or two other points in the vicinity of Guelph. The property at October 31, 1921, comprised principally:

- 10.05 Miles of Track
- 7 Closed Passenger Cars
- 2 Open Passenger Cars
- 2 Work Cars
- 1 Sweeper
- 1 Electric Locomotive

Since the close of the last fiscal year the Commission has purchased and put into operation eight one man safety cars to replace the other passenger cars, which will be either sold or scrapped in due course.

Under authority conferred by the Hydro-Electric Railway Act





of 1914, and under the terms of an agreement dated December 8, 1920, confirmed by the Guelph Railway Act of 1921, the Hydro-Electric Power Commission of Ontario purchased from the City of Guelph as at May 1, 1921, free from liability all the assets of the Guelph Radial Railway including freehold and leasehold lands, with certain exceptions as noted in the agreement, all plant, machinery and rolling stock, franchises, patents, etc., and all the outstanding shares of the capital stock of the Guelph Radial Railway Company.

While the agreement covering the purchase of the railway provides for the acquisition of all the outstanding shares of the capital stock of the Guelph Railway fully paid up, the shares were not received by the Commission until November 1922. Upon investigation, we have been informed by Mr. Hugill that the legal advisers of the Commission considered the transfer of the capital stock unnecessary as all the rights and privileges enjoyed by the Guelph Radial Railway Company were cancelled and superseded by the Guelph Radial Railway Act of 1921, vesting all the property of the Railway, rights and privileges in connection therewith in the Hydro-Electric Power Commission of Ontario. The Purchase Agreement states that all the shares of the capital stock were owned and held by the Municipal Corporation of the City of Guelph on the date that the Railway was taken over by the Commission.

The consideration for the acquisition by the Commission of such assets was \$150,000.00, payable, including interest at 4½% per annum, in instalments of all \$11,700.00 each year for twenty years in half-yearly payments on May 1st and November 1st.

Under the terms of the Purchase Agreement and the Guelph Railway Act, it is provided that the Commission may issue Bonds to the amount of \$150,000.00, to be increased from time to time with the consent of the Municipal Corporation of the City of Guelph, to cover

of 1914, and under the terms of an agreement dated December 6, 1920, continued by the Gaspe Railway Act of 1921, the Hydro-Electric Power Commission of Ontario purchased from the City of Guelph an amount of 1,000,000 shares of the Gaspe Railway, the said shares being the assets of the Gaspe Railway, including the assets and liabilities of the said railway, with certain exceptions as noted in the agreement, all about, machinery and rolling stock, franchises, contracts, etc., and all the outstanding shares of the capital stock of the Gaspe Railway Company.

Under the agreement covering the purchase of the railway provided for the acquisition of all the outstanding shares of the capital stock of the Gaspe Railway Company, the said shares were not received by the Commission until November 1925. Upon investigation, we have been informed by Mr. McGill that the legal advisors of the Commission considered the transfer of the capital stock unnecessary as all the rights and privileges enjoyed by the Gaspe Railway Company were cancelled and superseded by the Gaspe Railway Act of 1921, vesting all the property of the railway, rights and privileges in connection therewith in the Hydro-Electric Power Commission of Ontario. The purchase agreement states that all the shares of the capital stock were owned and sold by the Municipal Corporation of the City of Guelph on the date that the railway was taken over by the Commission.

The consideration for the acquisition by the Commission of each share was \$100.00, payable, including interest at the rate of 5% per annum, in instalments of \$11.10 each year for twenty years in half-yearly payments on May 1st and November 1st.

Under the terms of the purchase agreement and the Gaspe Railway Act, it is provided that the Commission may issue bonds to the amount of \$100,000.00, to be redeemed from time to time with the consent of the Municipal Corporation of the City of Guelph, to cover



the capital cost of extensions and improvements. Pursuant to this authority the Commission created an issue of \$150,000.00 Six Per Cent. Bonds, payable on May 1, 1931, and of such issue Bonds to the amount of \$116,000.00 had up to October 31, 1921, been sold to the public. The balance of \$34,000.00 of Bonds were held in the Treasury of the Commission unsigned, but have since all been issued and sold.

Under the provisions of the Guelph Railway Act the Corporation of the City of Guelph created an issue of \$300,000.00 Six Per Cent. Debentures, payable on May 1, 1971, and deposited such Debentures with the Commission as security for the purchase price of \$150,000.00, assumed by the Commission and the issue of \$150,000.00 Six Per Cent. Bonds created by the Commission. The City of Guelph is further authorized to issue and deposit with the Commission additional Six Per Cent. Debentures, equivalent in amount to any increase made in the Bond issue of the Commission to cover the Capital Cost of extensions and improvements of the Railway.

Under Section 5 (3) of the Guelph Railway Act, it is provided that if the revenues derived from the operation of the Railway are insufficient in any year to meet operating and working expenses, administration expenses, interest charges, sinking fund and renewal provisions and the instalments payable under the Purchase Agreement, then the Corporation of the City of Guelph shall make payment to the Commission of any deficit.

Section 4 (4) of the Act provides that after ten years from May 1, 1921, Sinking Fund charges sufficient "on a basis of not more than forty years" to repay all bonds issued by the Commission shall be provided out of the revenue of the Railway.

In respect of the purchase price, principal in the amount of \$2,475.00 and interest in the amount of \$3,375.00 were payable to the City of Guelph on November 1, 1921. This amount of \$5,850.00 has been





deducted from the operating deficit of \$10,651.32 for the six months ending on October 31, 1921, in determining the sum payable by the City of Guelph to the Commission under the terms of the agreement dated December 8, 1920, leaving a balance of \$4,801.32 due by the City of Guelph as at October 31, 1921.

We will now discuss the various assets and liabilities appearing on the balance sheet attached hereto as Exhibit I, and the results of operations as shown in the operating account appended hereto as Exhibit II.

#### BALANCE SHEET

##### Capital Assets- \$165,142.38:

As mentioned before the Guelph Radial Railway was purchased by the Hydro-Electric Power Commission for \$150,000.00 of which \$5,301.81 represented materials and supplies, leaving \$144,698.19 as the cost of the capital assets. The value of the various classes of assets as at May 1, 1921 was determined by an appraisal made by the Engineers of the Hydro-Electric Power Commission based upon original cost less accrued depreciation. The following table shows the values assigned to the various classes of assets as of May 1, 1921, the additions to October 31, 1921 and the balances included in the accounts as of October 31, 1921:





Capital Assets	As valued by the Engineers of the R.E.P.C. as at May 1, 1921	Additions to October 31 1921	Balance October 31 1921
Engineering and Superintendence	\$ 4,954.00	\$ 3,714.38	\$ 8,668.38
Right-of-Way	575.00	18.17	593.17
Track and Roadway Construction	71,285.00	33,409.65	104,694.65
Electric Line Construction	7,848.00	2,066.81	9,914.81
Real Estate used in operation of road	2,154.00	-	2,154.00
Buildings and Fixtures used in operation of road	17,206.00	200.00	17,406.00
Power Plant Equipment	500.00	-	500.00
Shop Tools and Machinery	1,814.00	177.63	1,991.63
Cars	10,186.19	68.09	10,254.28
Electrical Equipment in cars	12,330.00	72.02	12,402.02
Miscellaneous Equipment	243.00	20.00	263.00
All other, including intangibles	15,603.00	697.44	16,300.44
Totals	\$144,693.19	\$40,444.19	\$185,142.38

We have been informed by the Engineer in charge of operations of the Railway that during the latter years of operation by the City of Guelph, the property was not maintained in a good operating condition and the Commission has therefore been obliged to make extensive expenditures with a view to bringing the Railway up to a standard of operating efficiency.

The expenditures to October 31, 1921 in the amount of \$40,444.19 have been made out of funds realized from the sale at par of \$150,000.00 of 6% bonds of the Commission as set forth in Section 7 of the Purchase Agreement. These expenditures have been made for the purpose of rehabilitation of track, roadway, etc., and the construction of sidings.

The following statement taken from a report submitted by the Commission to the City of Guelph during June 1922, shows the expenditures up to May 8, 1922 and the estimated additional funds required to complete authorized and contemplated construction:





<u>Particulars</u>	<u>Amount</u>
Expenditures to May 8, 1922	\$138,026.24
Funds required to complete authorized work	<u>57,506.21</u>
<u>Together</u>	<u>\$195,531.45</u>
Less- Amounts realized from sale of equipment, etc.	<u>310.15</u>
<u>Balance</u>	<u>\$195,221.30</u>
Estimated funds required for additional work for 1922 rehabilitation	<u>71,158.00</u>
<u>Total required</u>	<u>\$266,379.30</u>
Less- Funds realized from the sale of \$150,000 of 6% Bonds of the Hydro-Electric Power Commission dated May 1, 1921	<u>150,000.00</u>
<u>Total additional funds required</u>	<u>\$116,379.30</u>

In accordance with Section 4, subsection 3 of the Guelph Railway Act of 1921 the Municipal Council of the Corporation of the City of Guelph passed a by-law under date of July 31, 1922 authorizing the Commission to issue additional bonds in the amount of \$150,000 to provide funds for the purposes as outlined above.

CASH IN BANK- \$1,029.49:

This balance represented cash on deposit in the Royal Bank of Canada to the credit of the Guelph Radial Railway at October 31, 1921. A certificate was obtained from the depository confirming the above balance at that date and we were informed that this certificate was exhibited to Messrs. Clarkson, Gordon & Dilworth in connection with their audit of the account.

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO- \$69,641.98:

This balance standing as a charge against the Commission is in respect of funds included in the General Bank Account of the Commission, representing the unexpended proceeds of the sale of \$116,000.00 of Bonds of the Commission, which were sold for the purposes of the Railway.





ACCOUNTS RECEIVABLE - \$3,997.61:

The above represents Current Accounts Receivable as at October 31, 1921, all of which have been paid since that date.

DUE BY CITY OF GUELPH - \$4,801.32:

The amount due by the City of Guelph, amounting to \$4,801.32, is the balance remaining after charging the Municipality with the total deficit of \$10,651.32 from the operations for the six months ending on October 31, 1921, and crediting against this amount the instalment of \$5,850.00 covering principal and interest due by the Commission to the City of Guelph on November 1, 1921, under the terms of the Purchase Agreement.

MATERIALS AND SPARE PARTS - \$4,240.78:

The above represents a physical inventory of materials and spare parts as at October 31, 1921, the valuation of which has been certified to be fair and reasonable by the Superintendent of the Railway.

VALUATION AND OTHER EXPENSES RE PURCHASE BY THE  
HYDRO-ELECTRIC POWER COMMISSION - \$1,749.95:

Expenses incurred and paid by the Commission for engineering, accounting and legal expenses in connection with the valuation and purchase of the Railway, amounted to \$1,944.40, which amount is being written off at the rate of 10% per annum over a period of ten years. The sum written off in the fiscal year ending October 31, 1921, amounted to \$194.45, leaving deferred expense at October 31, 1921, in the amount of \$1,749.95.

STATIONERY, TICKETS AND OTHER SUPPLIES - \$334.29:

This asset represents a physical inventory of stationery, supplies, etc., as at October 31, 1921, the valuation of which has been





certified to be fair and reasonable by the Superintendent of the Railway.

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO - \$226,000:

The above account appearing in the balance sheet of the Guelph Radial Railway represents the liability account of the Railway with the Hydro-Electric Power Commission. In the balance sheet of the Commission a corresponding amount is shown under investments which upon consolidation of the accounts will offset the amount appearing on the Railway balance sheet. The liability to the City of Guelph in respect of the purchase price of the Railway and to the public in respect of bonds issued for construction purposes appear in the balance sheet of the Commission, and in further description thereof the following is submitted -

Municipal Corporation of the City of Guelph - \$150,000 -

This balance represents the liability of the Hydro-Electric Power Commission in respect of the purchase price of the Guelph Radial Railway in the amount of \$150,000 owing to the Municipal Corporation of the City of Guelph, to be paid during a period of twenty years as stipulated in Section 2 of the Purchase Agreement.

Six Per Cent. Bonds maturing May 1, 1931 - \$116,000 -

The amount of \$116,000 represents an advance to the Guelph Radial Railway by the Hydro-Electric Power Commission in respect of which the Commission issued its bonds in the amount of \$116,000 due May 1, 1931.

The instalment of \$5,850.00 payable on November 1, 1921, on account of the purchase price of the property included \$2,475.00 of principal and therefore as of that date the liability of \$150,000.00 would be reduced to \$147,525.00 through the Capital Surplus contribution by the City of Guelph in accordance with Section 5 (3) of the Guelph Railway Act. Since the revenues of the Railway were insufficient to provide any part of the instalment payment both the principal and interest thereof must be met by the taxpayers of the City.





ACCOUNTS PAYABLE AND ACCRUED EXPENSES - \$2,439.07:

LIABILITY FOR UNREDEEMED TICKETS - \$500.00:

Accounts payable and accrued charges to October 31, 1921, amounted to \$2,439.07 while in addition a provision of \$500.00 has been set aside in respect of unredeemed tickets.

The Accountant of the Commission has certified that all operating charges of the Railway to October 31, 1921 have been included in the accounts.

RESERVE FOR RENEWALS- \$1,998.73:

The balance in the Reserve for Renewals, in respect of the properties of the Guelph Radial Railway, amounted at October 31, 1921, to \$1,998.73 and represented the provision charged as an operating cost for the period of six months, from May 1, 1921, the date of acquisition, to October 31, 1921.

The above provision is based upon the amounts computed upon a sinking fund basis of 4% per annum necessary to replace the capital investment of \$144,698.19 in road, buildings, equipment, etc., at May 1, 1921, after allowing for residual values and after excluding from the investment the amount of \$47,554.00, representing the cost of right-of-way, lands, engineering and miscellaneous expenses in connection with the original construction of the road, and such items as ballast, paving, etc., to be renewed through current operating costs. The cost of certain sections of track, etc., being replaced has also been eliminated in the above amount.

Rehabilitation of the entire road was begun shortly after its acquisition and we are informed, that, after such reconstruction work has been completed, an annual renewal rate based upon the new investment will be established, to be used in the calculation of subsequent additions to the Reserve Account.





The provision for renewals of \$1,998.75 for the six months period, ending October 31, 1921, is equivalent to a flat rate of 4.11% on \$97,144.19, representing the capital investment at May 1, 1921, exclusive of non-depreciable and other properties previously referred to.

#### RESULTS OF OPERATION

We have appended hereto as Exhibit II an operating account from May 1, 1921, the date on which the Railway was acquired by the Commission to October 31, 1921, showing details of revenue, operating expenses and fixed charges. It will be noted by reference to this Exhibit that a loss of \$10,651.32 was sustained after providing for operating expenses, depreciation, interest and the amount required to be paid on the purchase price as set forth in Section 2 of the Purchase Agreement. Pursuant to Section 6 of the agreement dated December 8, 1920 previously referred to, the above loss has been charged back to the City of Guelph and has since been paid to the Commission.

It will also be noted by reference to this Exhibit that the revenue was derived for the most part from passenger traffic. The passengers carried during the period under review including transfer passengers numbered 775,832, the fares charged being a cash fare of five cents, a ticket fare of six tickets for twenty-five cents and half fare for children.

The Purchase Agreement provided that electrical power required in the operation of the Railway should be furnished on a basis similar to that under which municipalities receive power at cost from the Commission. However, during the period ending October 31, 1921, power was purchased by the Commission from the City of Guelph at \$12.00 per horse power plus .5 cents per Kilowatt hour.

The Government of the United States of America, by and through the Secretary of the Interior, do hereby certify that the following is a true and correct copy of the original as the same appears in the files of the Department of the Interior:

REPORT OF THE

Commissioner of the General Land Office, in response to a resolution of the Senate, passed June 15, 1890, relating to the lands of the United States, and to the report of the Commissioner of the General Land Office, made at the annual meeting of the Board of Land Commissioners, held at Washington, D. C., on the 15th day of June, 1891.

Presented to the Senate at their session, on the 15th day of June, 1891.

By the Commissioner of the General Land Office, J. M. Smith.

Approved: J. M. Smith, Commissioner of the General Land Office.

Filed for publication: June 15, 1891.

Printed by the Government Printing Office, Washington, D. C., 1891.



No provision for sinking fund for the retirement of the bonds issued by the Commission has been included in the cost of operation as under the terms of the Purchase Agreement the provision for sinking funds is not required to be made until the expiration of ten years from May 1, 1921.

In view of the fact that \$150,000.00 of debentures dated May 1, 1921, mature on May 1, 1931, and prior to the date as of which any sinking fund accumulations are required to be made these bonds will necessarily require to be refunded by another issue.

We are attaching hereto Exhibit III, Operating Account of the Railway for the eleven months ending September 30, 1922, showing the revenue, operating expenses and fixed charges by months. It will be noted by reference to this Exhibit that the operations of the Railway resulted in a loss of \$21,470.15 for this period before setting aside any provision for renewals which, we understand, will not be made during the fiscal year ending October 31, 1922, with the thought that with new rolling stock and with the expenditures made in rehabilitating the road-bed it is not necessary to provide for renewals until the Railway attains an operating position which will warrant charging renewals. Provided the operating expenses of this period have not been burdened with extraordinary or deferred maintenance charges, and they do not appear to have been, this policy does not appear to us to be sound or in keeping with the general practice of the Commission in making renewals provisions. It will also be noted by reference to this Exhibit that the losses decreased beginning with July, and we understand that this decrease is attributable to the operation of the new one-man safety cars.

It might also be well to point out that a new schedule of rates was put into effect as of November 1, 1922, viz.- A cash fare of six cents, a ticket fare of twenty tickets for one dollar, or six tickets for thirty-five cents, and a three cent fare for children.





It is the opinion of the Engineer in charge of railway operations that the saving in operating expenses through the operation of one-man safety cars and the increased revenues resulting from the increases in rates of fare will materially reduce the operating loss of the Railway.

GENERAL

Reference is again made to the Guelph Railway Act and the Agreement supplementary thereto and made a part thereof, particularly to the following provisions:

1. The City of Guelph agrees to pay not only the cost of operation, maintenance, etc., but also the cost of acquisition (Agreement Section 6a).
2. The purchase consideration and sinking fund provisions in respect of bonds issued are payable out of the revenues of the Railway (Act, Section 4 (4)).
3. Deficits resulting in any year through insufficiency of the revenues to cover costs of operation, instalment payments on the purchase price of the property and sinking fund provisions, are chargeable to and payable by the City of Guelph (Act, Section 5 (3)).
4. The Commission agrees "to regulate and fix the fares and rates of toll to be collected by the railway for all classes of service". (Agreement, Section 5 (b)).

From the foregoing it is apparent that it very largely, if not entirely, rests with the Commission to determine the respective costs of the property to be paid by the car riders or by the taxpayers of the City of Guelph.

Yours very truly,

  
R. A. W. Hutchinson





HYDRO ELECTRIC POWER COMMISSION OF ONTARIOGUELPH RADIAL RAILWAYCOMPARATIVE BALANCE SHEETS

<u>ASSETS</u>	<u>May 1 1921</u>	<u>October 31 1921</u>
Road and Equipment	\$ 144,698.19	\$ 185,142.38
Current and Working Assets:		
Cash in Bank	\$	\$ 1,029.49
Hydro-Electric Power Commission of Ontario (Portion of proceeds from sale of Bonds of \$116,000)		69,641.98
Accounts Receivable		3,997.61
Due by City of Guelph		4,801.32
Materials and spare parts	5,301.81	4,240.78
	<u>\$ 5,301.81</u>	<u>\$ 83,711.18</u>
Deferred Debits:		
Valuation and other Expenses re purchase by the Hydro-Electric Power Commission		\$ 1,749.95
Stationery, Tickets and other supplies		334.29
		<u>\$ 2,084.24</u>
	<u>\$ 150,000.00</u>	<u>\$ 270,937.80</u>
<u>LIABILITIES</u>		
Hydro-Electric Power Commission of Ontario:		
Purchase price of certain properties and all the outstanding capital stock of the Guelph Radial Railway Company payable to the Corporation of the City of Guelph under agreement dated December 8, 1920	\$ 150,000.00	\$ 150,000.00
In respect of 6% Bonds issued by the Com- mission, maturing in 1931, (\$150,000 total authorized issue) and outstanding October 31, 1921		116,000.00
	<u>\$ 150,000.00</u>	<u>\$ 266,000.00</u>
Current and Accrued Liabilities:		
Accounts payable and Accrued Expenses		\$ 2,439.07
Liability for Unredeemed Tickets		500.00
		<u>\$ 2,939.07</u>
Reserve for Renewal of Road and Equipment		\$ 1,998.73
	<u>\$ 150,000.00</u>	<u>\$ 270,937.80</u>





HYDRO-ELECTRIC POWER COMMISSION OF ONTARIOGUELPH RADIAL RAILWAYOPERATING ACCOUNT FROM DATE OF ACQUISITIONMAY 1, 1921 TO OCTOBER 31, 1921REVENUE:

Passenger	\$	\$33,267.18	
Switching		3,589.68	
Station and Car Privileges		252.48	
Rent of Tracks and Terminals		850.00	
Power		551.71	\$38,511.05

OPERATING EXPENSES:

Power Purchased		\$ 5,262.86	
Maintenance of Way and Structures:			
Superintendence of Way and Structures	602.10		
Ties	1,003.61		
Roadway and Track Labor	6,833.28		
Poles and Fixtures	692.82		
Miscellaneous Expenses	1,020.98		
	\$10,152.79		

Less: Cost of rehabilitation of way and structures, included in above distribution, transferred to Capital Cost Account	5,789.39	4,363.40	
---	----------	----------	--

Maintenance of Equipment:			
Superintendence of Equipment	\$ 840.00		
Passenger and Combination Cars	3,848.65		
Electric Equipment Cars	2,115.24		
Miscellaneous Expenses	531.38	7,335.27	

Transportation Expenses:			
Superintendence of Transportation	\$ 731.56		
Passenger Conductors, Motormen and Trainmen	12,907.12		
Freight and Express Conductors, Motormen and Trainmen	900.37		
Carhouse Employees	1,208.92		
Miscellaneous Expenses	277.01	16,024.98	

General and Miscellaneous Expenses:			
Salaries and Expenses of General Officers	1,919.11		
Salaries and Expenses of General Office Clerks	1,163.94		
Proportion of Head Office Expenses	1,527.62		
Insurance and Damages	856.69		
Taxes	1,588.38		
Miscellaneous Expenses	810.65	7,866.39	40,852.90

Profit or Loss before deducting Fixed Charges			\$ 2,341.85
---	--	--	-------------

Carried Forward



- 2 -

Brought Forward		\$ 7,741.88
<u>DEDUCT- Fixed Charges:</u>		
Interest	\$ 450.74	
Provision for Renewal of Road and Equipment	1,998.73	
Provision for payment to City of Guelph of instalment due November 1, 1921, under Purchase Agreement on account of Principal and Interest	5,850.00	8,309.47
<u>Net Deficit</u>		<u>\$10,651.32</u>
<u>DUE BY CITY OF GUELPH:</u>		
Operating deficit as at October 31, 1921, after provision for instalment payable under Purchase Agreement		\$10,651.32
Less- Credited thereagainst the instalment of Principal and Interest payable to the City of Guelph on November 1, 1921, under the terms of Purchase Agreement		5,850.00
<u>Balance due by City of Guelph, as per Balance Sheet October 31, 1921</u>		<u>\$ 4,801.32</u>





## GUELPH RADIAL RAILWAY

## OPERATING ACCOUNT

FOR THE ELEVEN MONTHS ENDING SEPTEMBER 30, 1922

Particulars	1 9 2 1		1 9 2 2									
	November	December	January	February	March	April	May	June	July	August	September	Total
REVENUE	\$6,108.30	\$6,612.24	\$6,838.91	\$6,199.18	\$6,520.95	\$6,014.21	\$5,684.15	\$6,121.77	\$6,636.84	\$6,099.36	\$5,521.03	\$68,356.94
OPERATING EXPENSES:												
Maintenance -												
Way and structures	\$ 175.09	\$ 520.25	\$ 844.50	\$1,533.56	\$ 716.06	\$ 637.70	\$ 526.84	\$ 383.88	\$ 228.31	\$ 450.10	\$ 279.28	\$ 6,295.57
Equipment	1,319.29	1,343.35	1,798.21	1,212.08	1,705.03	1,155.14	1,849.89	1,398.83	1,362.53	863.53	1,244.35	15,252.23
Power	1,162.16	952.65	963.94	1,013.90	1,003.51	999.84	895.71	821.83	791.88	726.16	762.43	10,094.21
Transportation	2,756.56	2,710.21	2,712.58	2,494.09	2,800.60	2,597.87	2,803.27	2,570.15	2,380.30	1,926.89	1,578.51	27,331.03
General and Miscellaneous	885.61	922.41	939.66	1,043.27	1,376.20	1,226.37	1,460.59	1,177.67	1,060.33	1,112.63	687.59	11,892.33
Taxes	264.74	264.74	263.61	263.61	263.61	263.61	263.61	263.61	263.61	263.61	263.62	2,901.98
Total operating expenses	\$6,563.45	\$6,713.81	\$7,522.50	\$7,560.51	\$7,865.01	\$6,830.55	\$7,799.91	\$6,615.97	\$6,086.96	\$5,342.92	\$4,815.78	\$73,767.35
Operating Profit or Loss	\$ 455.16	\$ 101.57	\$ 683.59	\$1,361.33	\$1,344.06	\$ 666.32	\$2,115.76	\$ 494.20	\$ 549.88	\$ 756.44	\$ 705.25	\$ 5,410.41
FIXED CHARGES:												
Interest at six per cent.	\$ 82.18	\$ 123.13	\$ 495.22	\$ 491.36	\$ 573.37	\$ 590.95	\$ 511.31	\$ 543.59	\$ 547.99	\$ 614.74	\$ 760.90	\$ 5,334.74
Provision for the retirement of the investment including interest	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	975.00	10,725.00
Total fixed charges	\$1,057.18	\$1,098.13	\$1,470.22	\$1,466.36	\$1,548.37	\$1,565.95	\$1,486.31	\$1,518.59	\$1,522.99	\$1,589.74	\$1,735.90	\$16,059.74
Loss before providing for renewals	\$1,512.33	\$1,199.70	\$2,153.61	\$2,827.69	\$2,892.43	\$2,432.27	\$3,602.07	\$2,012.79	\$ 973.11	\$ 333.30	\$1,030.65	\$21,470.15

1951		1950	
Total operating expenses		Total operating expenses	
Operating expenses		Operating expenses	
Maintenance		Maintenance	
Repairs and alterations		Repairs and alterations	
Depreciation		Depreciation	
Fuel		Fuel	
Lubrication		Lubrication	
General and miscellaneous		General and miscellaneous	
Total operating expenses		Total operating expenses	
Operating income		Operating income	
Fixed charges		Fixed charges	
Interest on debt		Interest on debt	
Provision for the retire-		Provision for the retire-	
ment of the investment		ment of the investment	
Income tax		Income tax	
Total fixed charges		Total fixed charges	
Net income		Net income	
Total income		Total income	





